



**Health Services**  
LOS ANGELES COUNTY

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October 3, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT  
(ALL DISTRICTS AFFECTED - 3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	H/UCLA - 7439538	\$532,678
(2)	Account Number	LAC+USC - 3575453	\$12,000
(3)	Account Number	MLK/D - 5933607	\$5,000
(4)	Account Number	LAC+USC - 1631779	\$4,800
(5)	Account Number	LAC+USC - 3060538	\$3,000

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The compromise offer of settlement for patient account (1) is recommended because the amount is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations. The compromise offer of settlement for patient account (2) is recommended because the patient cannot pay the full amount of charges based on his current financial status, and this is the highest amount he is able to contribute to settle the account. The compromise offers of settlement for patient accounts (3)-(5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the legal settlements involved in these cases.

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

**Implementation of Strategic Plan Goals:**

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

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**FISCAL IMPACT/FINANCING:**

This will expedite the County's recovery of revenue totaling approximately \$557,478.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when it is in the best interest of the County to do so. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in legal settlements are approximately divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and his or her lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

**CONTRACTING PROCESS:**

Not applicable.

**IMPACT ON CURRENT SERVICES (OR PROJECTS):**

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

BAC:lg (R:\LMARTINEZ\COMPROMISE\BRDLTR#45\LETTER)

Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: October 3, 2006

Total Charges	\$710,237	Account Number	7439538
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$710,237	Date of Service	01/24/06 – 04/25/06
Compromise Amount Offered	\$532,678	% Of Charges	75%
Amount to be Written Off	\$177,559	Facility	H/UCLA Medical Center

### JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: October 3, 2006

Total Charges	\$48,580	Account Numbers	3575453
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$48,580	Dates of Service	11/10/05 – 11/15/05
Compromise Amount Offered	\$12,000	% of Charges	25%
Amount to be Written Off	\$36,580	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$48,580 for medical services rendered. The patient did not apply for any Los Angeles County's Low Cost/No Cost programs. It appears that the patient does not have any other financial means to pay the full cost of care, and it would not be cost effective to pursue litigation for the medical charges incurred.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: October 3, 2006

<b>Total Charges</b>	\$61,344	<b>Account Number</b>	5933607
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$61,344	<b>Date of Service</b>	09/22/04 – 09/30/04
<b>Compromise Amount Offered</b>	\$5,000	<b>% Of Charges</b>	8%
<b>Amount to be Written Off</b>	\$56,344	<b>Facility</b>	MLK/D Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at MLK/D Medical Center and incurred total inpatient charges of \$61,344 for medical services rendered. The patient qualified and was approved for the Ability-to-Pay (ATP) program with no liability. The patient's third party liability claim settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$3,750	\$3,750	25%
<b>Lawyer's Cost</b>	\$550	\$550	4%
<b>MLK/D Medical Center</b>	\$61,344	\$5,000	33%
<b>Patient</b>		\$5,700	38%
<b>Total</b>		\$15,000	100%

\* The patient's lawyer has reduced his fees from 33% to 25%.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to MLK/D Medical Center.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: October 3, 2006

Total Charges	\$103,394	Account Number	1631779
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$103,394	Date of Service	07/13/04 – 07/30/04
Compromise Amount Offered	\$4,800	% Of Charges	4.6%
Amount to be Written Off	\$98,594	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$103,394 for medical services rendered. The patient qualified and was approved for the Ability-to-Pay (ATP) program with no liability. The patient's third party liability claim settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement*
Lawyer's Fees	\$6,000	\$5,302	35%
Lawyer's Cost	\$400	\$400	3%
LAC+USC Medical Center	\$103,394	\$4,800	32%
Other Lien Holders	\$5,525	\$898	6%
Patient		\$3,600	24%
Total		\$15,000	100%

\* 38% of the settlement was allocated to all lien holders – (32% to LAC+USC and 6% to other lien holders).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: October 3, 2006

Total Charges	\$91,230	Account Number	3060538
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$91,230	Date of Service	07/06/05 - 07/21/05
Compromise Amount Offered	\$3,000	% Of Charges	3%
Amount to be Written Off	\$88,230	Facility	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$91,230 for medical services rendered. The patient qualified for the Ability-To-Pay program, but did not submit the necessary documents. The patient's attorney had filed a bad faith lawsuit against LAC+USC, but the suit has been dismissed. The patient's third party liability claim settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement**
Lawyer's Fees*	\$3,305	\$3,305	22%
Lawyer's Cost	\$0	\$0	0%
LAC+USC Medical Center	\$91,230	\$3,000	20%
Other Lien Holders	\$9,124	\$2,244	15%
Patient		\$6,451	43%
Total		\$15,000	100%

\* The patient's lawyer has reduced his fees from 33% to 22%.

\*\* 35% of settlement allocated to all lien holders – (20% to LAC+USC and 15% to other lien holders).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet her obligation to LAC+USC.